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From: Tom Adamczak[/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=4F4B95C3BA054EDFB32D2F3CF0AAF040-TOM ADAMCZA]
Sent: Fri 6/8/2018 6:15:07 PM Coordinated Universal Time
Subject: Sentinel ATE endorsement
Attachment: SEN ATE Endorsement 1 - Change.doc

All,

Based on a recent discussion with and recommendation by the Sentinel Auditors, the ATE policy premium should be endorsed to reflect the fair value of the basket of securities received as premium in August 2017. After revaluing the securities received (through valuations from VRC and a markdown of many worthless securities to zero), Sentinel recognized a gain of approximately \$15m. The auditors suggested that although Sentinel could record the gain, it likely would be more correct (and efficient) to consider it as premium. If the gain was recorded, additional effort and time would be exhausted related to the following: notes to the audited financials would require expanded disclosures; the opinion would include an Emphasis of Matter paragraph to express concern with the arms-length transaction; additional time and documentation on the part of the auditors to support and defend the position to their QC partners. Meanwhile, modification of the premium amount doesn't present any foreseeable concerns for Sentinel (such as tax deductibility, increases to premium tax, etc.).

Assuming it is acceptable to include the gain as premium, one topic that comes to mind with respect to adjusting premium via an endorsement, is which party should sign. Both Sentinel and the insured signed the original policy, while it is customary that only the insurer would sign a policy. Perhaps it is a preference of Sentinel to have both parties sign the insurance policies (D&O also has representatives of both sign)? Should the endorsement follow suit or is it acceptable that only the insurer sign?

I have drafted an endorsement for discussion/comment/edit. Let me know if you have any questions.

JP, feel free to add any comments if you feel I missed something important.

Thanks,

Tom

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Maples Fiduciary Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Endorsement No. 1

The following is hereby understood and agreed:

The premium, as stated in the schedule, is adjusted to \$40,040,668.90 to include the total fair value of received assets. Premium received consists of cash of \$11,083,855.74, miscellaneous receivables of \$1,753,020.00, and an investment portfolio of \$27,203,793.16 as measured at fair value on the transfer date.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Attaches to and forming part of the Legal Liability Insurance Policy dated August 1, 2017 of Sentinel Reinsurance, Ltd.

(Authorized Signature)